



INDUSTRY CIRCULAR

DEPARTMENT OF
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms
Washington, D. C. 20226

Number: 92-5

Date: 10/09/92

INCREASE IN FEDERAL EXCISE TAX ON TOBACCO PRODUCTS AND ITS EFFECT ON BOND COVERAGE

Tobacco Export Warehouse Proprietors and Others Concerned:

Purpose. This Industry Circular is issued to advise businesses who receive tobacco products in bond, of certain provisions of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508, 104 Stat., 1388) and its impact on their bond coverage.

Background. Public Law 101-508, 104 Stat., 1388, enacted on November 5, 1990, increased the rate of tax on tobacco products and cigarette papers and tubes in two increments, effective January 1, 1991 and January 1, 1993. As of January 1, 1993 all such products are subject to the second tax rate increase imposed by the law. The new excise tax rates are listed in Exhibit 1.

Effect on bond coverage. The change in tax rates may increase the liability which must be covered by a bond. Therefore, export warehouse proprietors and other persons who may be qualified to receive tobacco products in bond (who do not already have a maximum bond) should recompute their bond coverage in accordance with applicable regulations, using the new higher tax rates. If present coverage is inadequate, a strengthening or superseding bond must be filed.

Inquiries. If you have any questions, please contact the following ATF office in your area:

Taxpayers in:

Call or write, Technical
Services, Bureau of Alcohol,
Tobacco and Firearms at the
following:

Illinois, Indiana, Kentucky,
Michigan, Minnesota, North Dakota,
Ohio, South Dakota, Wisconsin,
West Virginia

550 Main Street, Room 6525
Federal Office Bldg.
Cincinnati, OH 45202
(513) 684-3335
FAX (513) 684-3168

Connecticut, District of Columbia,
Delaware, Massachusetts, Maryland,
Maine, New Hampshire, New Jersey,
New York, Pennsylvania,
Rhode Island, and Vermont:

The Curtis Center, Suite 875
Independence Square West
Philadelphia, PA 19106
(215) 597-2246
FAX (215) 597-7255

Taxpayers in:

**Call or write, Technical
Services, Bureau of Alcohol,
Tobacco and Firearms at the
following:**

Alabama, Florida, Georgia,
Mississippi, North Carolina,
South Carolina, Tennessee and
Virginia:

2600 Century Parkway NE,
Suite 305
Atlanta, GA 30345
(404) 679-5080
FAX (404) 679-5099

Arkansas, Colorado, Iowa,
Kansas, Louisiana, Missouri,
Nebraska, New Mexico, Oklahoma,
Texas, and Wyoming:

1114 Commerce Street
7th Floor
Dallas, TX 75242
(214) 767-2277
FAX (214) 767-2750

Alaska, Arizona, California,
Hawaii, Idaho, Montana, Nevada,
Oregon, Utah, Washington:

221 Main Street
11th Floor
San Francisco, CA 94105
(415) 744-7011
FAX (415) 744-9443


Director

Exhibit 1

NEW EXCISE TAX RATES EFFECTIVE JAN. 1, 1993

TOBACCO PRODUCTS

Tobacco Product	Old Rate	1/1/93 Rate
Small Cigars	\$.9375 per thousand	\$1.125 per thousand
Large Cigars	10.625% of price not to exceed \$25 per thousand	12.75 of price not to exceed \$30 per thousand
Small Cigarettes	\$10.00 per thousand	\$12.00 per thousand
Large Cigarettes	\$21.00 per thousand	\$25.20 per thousand
Cigarette Papers	0.625 cent /50 papers	0.75 cent /50 papers
Cigarette Tubes	1.25 cent /50 tubes	1.5 cent /50 tubes
Smokeless Snuff	30 cents per pound	36 cents per pound
Chewing Tobacco	10 cents per pound	12 cents per pound
Pipe Tobacco	56.25 cents per pound	67.5 cents per pound